

Exhibit J

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IN RE: SNYDER vs. FLORIDA PREPAID COLLEGE FUND
FILE NO.: 20151059

AUDIO TRANSCRIPTION OF
FLORIDA HOUSE OF REPRESENTATIVES
LEGISLATIVE SESSION ON HB 905

Tuesday, March 20, 2007

Transcribed By:

Ninette Butler
RPR, CRR, CRC, RSA, FPR

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<p>1 (File 32007-D1, 1 Audio Track)</p> <p>2 UNIDENTIFIED SPEAKER: Committee on</p> <p>3 Postsecondary Education, meeting, Tuesday,</p> <p>4 March 20th, 2007, 9:00 a.m., Reed Hall, Room</p> <p>5 102, House Office Building.</p> <p>6 (File 32007-D1, 2 Audio Track, beginning</p> <p>7 at 44:30; and File 32007-D2, 1 Audio Track)</p> <p>8 REPRESENTATIVE MEALOR: Thank you,</p> <p>9 Chairman Proctor.</p> <p>10 Members, at this time I'd like to move</p> <p>11 into a workshop on House Bill 905 by</p> <p>12 Representative Dean. Representative Dean has a</p> <p>13 situation that required him to be away from the</p> <p>14 Capitol. We were going to honor that. His</p> <p>15 legislative aide is here. We've also talked</p> <p>16 with the Senate sponsor, Senator Oelrich and</p> <p>17 his administrative -- legislative assistant,</p> <p>18 Mr. Mike Preston. They're available.</p> <p>19 But what I want to do, members, if you</p> <p>20 look at House Bill 905, which is included</p> <p>21 behind the tab, one of the things that we know</p> <p>22 right now is that in Innovative Idea 15 we have</p> <p>23 brought forward, if we are going to take a</p> <p>24 university to the top ten in the nation, it is</p> <p>25 going to require doing some very different</p>	<p>1 person that I would like to recognize is</p> <p>2 Mr. Stanley G. Tate.</p> <p>3 Mr. Tate, good morning.</p> <p>4 And, members, the Florida Prepaid Bill</p> <p>5 this past session, the Florida legislature</p> <p>6 designated that in his name.</p> <p>7 Mr. Tate, good morning and you're</p> <p>8 recognized.</p> <p>9 MR. TATE: Thank you, Mr. Chairman. I</p> <p>10 appreciate very much having the liberty to</p> <p>11 address this body.</p> <p>12 First let me tell you that I'm here to</p> <p>13 talk against this proposal. Let me give you a</p> <p>14 little bit of history. I've already provided</p> <p>15 you with a package. If you'll look at it,</p> <p>16 you'll see a lot of things in there: Some old,</p> <p>17 some not so old. As you're probably aware, the</p> <p>18 House of Representatives passed a tribute to me</p> <p>19 about a week ago, was signed by the speaker who</p> <p>20 was presented at a Lincoln Day Dinner, 850</p> <p>21 people. I don't want to read it to you, but I</p> <p>22 could tell you the tribute is enclosed in that</p> <p>23 package. And the highlight of it has to do</p> <p>24 with the Florida Prepaid College Program.</p> <p>25 Your chairman was kind enough to change</p>
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<p>1 things. House Bill 905 was an attempt to do</p> <p>2 that, related to the University of Florida, and</p> <p>3 I think all agree that if we're going to have a</p> <p>4 top-ten university in this state, the</p> <p>5 University of Florida is the only candidate at</p> <p>6 this time; although, we have made commitments</p> <p>7 to take Florida State and others to that same</p> <p>8 level.</p> <p>9 At Representative Dean's request, we're</p> <p>10 going to workshop this bill because we've had</p> <p>11 feedback that House Bill 905, as it's currently</p> <p>12 written, may not be acceptable. And at the</p> <p>13 request of Representative Dean, we're going to</p> <p>14 hear public testimony and workshop this bill to</p> <p>15 see if we can't come up with some alternative</p> <p>16 language. That is the intent of what we're</p> <p>17 going to do right now.</p> <p>18 And what I would like to do, members, if</p> <p>19 we may, we want to try to get as much input as</p> <p>20 we can. All of you have been very helpful in</p> <p>21 providing commitments and suggestions. We'll</p> <p>22 continue in that vein. And at this time right</p> <p>23 now, what I would like to do is to recognize</p> <p>24 representatives of several different groups</p> <p>25 that are going to be with us. And the first</p>	<p>1 the name of that program to the Stanley G. Tate</p> <p>2 Florida Prepaid College Program. And I'm more</p> <p>3 than ever grateful. It was signed by a bill by</p> <p>4 the governor, Governor Bush, in June of last</p> <p>5 year. And it's an unbelievably important thing</p> <p>6 to me because it's a legacy.</p> <p>7 But more important is what does it mean to</p> <p>8 the 1,220,000 enrollees? What it means is that</p> <p>9 they're going to have an affordable college</p> <p>10 education.</p> <p>11 I first heard about this proposal from</p> <p>12 Dr. Machen, the president of the University of</p> <p>13 Florida, at a Council of 100 meeting. I've</p> <p>14 been a member of the Council of 100 for over 25</p> <p>15 years.</p> <p>16 You should know something about me. I</p> <p>17 graduated from the University of Florida. I</p> <p>18 entered it in 1944. I'm 80 years old. I</p> <p>19 funded, to a great extent, this entire program,</p> <p>20 not in the moneys we took, but over 500,000 of</p> <p>21 my money went into this program. The first was</p> <p>22 a \$20,000 donation to meet some marketing</p> <p>23 expenses.</p> <p>24 People asked me why did I do it? I could</p> <p>25 tell you the reasons are very simple: I</p>

<p style="text-align: center;">Page 6</p> <p>1 honestly believe in my heart and in my head 2 that education is the only answer that we have 3 in America to get the poor people out of the 4 doldrums of being poor and to give them a 5 chance to have an opportunity to earn a decent 6 living.</p> <p>7 What's the best way to do that? When I 8 went to school, it was with a high school 9 diploma. When I graduated from high school in 10 Miami in 1944, that was a big thing because 11 half my class had already dropped out. That's 12 not true anymore. What's true now, I have a 13 big company. I have 3,000 employees. I could 14 tell you that a high school diploma is not even 15 a question we ask anymore. What do we ask? 16 What college did you go to and what degree did 17 you get? That's how important it is.</p> <p>18 If you look at some statistics in the 19 prison population in the state of Florida, you 20 might be surprised to find that approximately 21 94 percent of the prisoners in the state penal 22 system either didn't graduate from high school 23 or only graduated from high school. Very, very 24 few of them ever went to college. That's a 25 clear indication to tell you that when you have</p>	<p style="text-align: center;">Page 8</p> <p>1 to sell these contracts in hospitals where 2 there are maternity wards so that the mothers, 3 fathers, and, in many cases, grandparents can 4 buy a college education for their child.</p> <p>5 For this bill to pass now and use the word 6 "fee" instead of "tuition" is a joke. It's a 7 facade. This is really tuition.</p> <p>8 When we sold these contracts to 1,220,000 9 beneficiaries, they really believed that their 10 tuition was paid for. There was no question 11 about whether you're going to go to a top-ten 12 university. And the fact of the matter is, I 13 guess you have to measure in your own mind, is 14 the top -- is a rating of a top-ten university 15 more important than having a low-income 16 student, African American or Hispanic or 17 minority be able to attend a college because 18 it's affordable and not have to come up with 19 \$1,000 in the year of their freshman year to 20 attend that school?</p> <p>21 Let me tell you my concerns about this: 22 This is the beginning. If you allow this bill 23 to pass, I could assure you you'll have 11 24 universities charging the same amount of money. 25 You know, this whole issue of this top ten</p>
<p style="text-align: center;">Page 7</p> <p>1 economic benefits through a college education, 2 the chances of you doing something to put you 3 in prison gets substantially diminished and 4 minimized.</p> <p>5 When I first heard Dr. Machen make the 6 presentation before the Council of 100, I 7 hadn't heard about it before. I addressed the 8 group at that time. And I must tell you that I 9 used words like I felt that the word "fee" was 10 a subterfuge for the word "tuition" because, in 11 fact, this bill is proposing to charge every 12 single freshman entering the University of 13 Florida \$1,000. You know, when you don't have 14 much money, \$1,000 is a huge amount of money, a 15 huge amount.</p> <p>16 The makeup of the kids who are the 17 beneficiaries of this program still represent 18 the majority of them in the low and low-middle 19 income bracket in the state of Florida. 20 Approximately 50 percent of the purchasers who 21 buy contracts buy it on the installment basis. 22 They pay over it over the full term of the 23 contract, many of them from the day the child 24 was born, because the real effort on the part 25 of the Stanley Tate Prepaid College Program is</p>	<p style="text-align: center;">Page 9</p> <p>1 is really totally meaningless when you compare 2 it to what's more important. I'm a 3 businessman. I've been pretty successful in 4 Florida. I wasn't successful because my father 5 left it to me. My father gave me nothing. My 6 tuition at the University of Florida when I 7 went -- it was an all-boys school, by the way. 8 It wasn't coed. My tuition was \$100 a year. 9 That's all my father gave me. He says, the 10 rest is on you. I worked. I worked in a grill 11 called Primrose Grill for four years waiting on 12 tables.</p> <p>13 I'm telling you, this is a wrong thing. 14 It's a wrong thing because the University of 15 Florida, in spite of the fact that I have tried 16 five separate times to meet with the president 17 to discuss this whole issue of money and he has 18 absolutely refused to meet with me. I've 19 confronted him with this issue on a facedown 20 basis right at the Council of 100 meeting 21 because I thought if there was some way I could 22 work with the University of Florida and FSU -- 23 there was no FSU, by the way, when I attended 24 the University of Florida. It was called FSCW, 25 Florida State College for Women.</p>

<p style="text-align: center;">Page 10</p> <p>1 There were only two universities in the 2 state. There are now 11. We had 2,000 3 students at the University of Florida when I 4 entered. It was a pretty small town. 5 Gainesville was a very small town.</p> <p>6 I want you to know I have deep conviction 7 about the necessity of an education, more so 8 than probably anyone you've ever met. It's 9 been my hallmark. I've known in many areas as 10 Mr. Education. The Florida program is not only 11 the biggest in the United States. We have more 12 enrolled in the Florida program than all the 13 other states combined, combined.</p> <p>14 More importantly, you should know that I 15 flew all over this country to get states to 16 have prepaid college programs because I believe 17 it that important. I never took a single 18 dollar of reimbursement from the Florida 19 Prepaid College Program, whether it was to a 20 meeting here or a meeting in Seattle, 21 Washington, or in California or in any other 22 state that we went to to promote the Florida 23 Prepaid College Program. I did it for a 24 reason. First, I could afford it. But there 25 was another reason. I wanted everyone to know</p>	<p style="text-align: center;">Page 12</p> <p>1 education because I recognize if America 2 doesn't wake up and see what's going on here, 3 that our middle class is getting smaller and 4 smaller and the poor and impoverished is 5 getting larger and larger, the wealthy is 6 getting larger but insignificantly, and if we 7 lose the middle class in this country, this 8 country is doomed.</p> <p>9 I've traveled all over the world. I just 10 came back from India for the president. I 11 helped write the nuclear treaty with India. I 12 went over with Condoleezza Rice.</p> <p>13 Why am I here today? I got up at 14 5:00 o'clock this morning to be here, on my own 15 time, my own money. I'm here because I really 16 believe you're making a mistake. Being one of 17 the top-ten universities is not more important 18 than having a mother who has written me a 19 letter saying that she was a maid at a hotel 20 and her grandson was the first in her family 21 ever to be able to go to college because of a 22 Florida Prepaid College Program. I can show 23 you hundreds of those letters. They were all 24 over the state.</p> <p>25 We're not a rich state, in spite of the</p>
<p style="text-align: center;">Page 11</p> <p>1 I believed in this program. And one of the 2 ways you can prove that you believe in the 3 program is to put your money where your mouth 4 is. And I could afford it and I wanted 5 everyone to know I was willing to put my money 6 there because this program is that important to 7 me.</p> <p>8 What concerns me in Florida is the rest of 9 this country -- by the way, you should know I 10 serve as a senior designee and advisor to the 11 president of the United States. I have an 12 office in the White House. I go to Washington 13 every two weeks. You should also know I was 14 president of the Resolution Trust Corporation, 15 which was the largest administrative act in the 16 history of United States government. That's 17 the one that took over all the banks in 1989. 18 I helped write the enabling legislation. I 19 helped write the 529 bill in Washington. 529 20 is a bill that allows parents to invest money 21 all over the United States. It's a federal 22 program where all the earnings are tax exempt. 23 I testified before the House and Senate Banking Committee on this bill. Education is my life. I've dedicated a great part of my life to</p>	<p style="text-align: center;">Page 13</p> <p>1 people who live in good, wealthier communities. 2 We're a poor state. We're a state made up 3 primarily of people who struggle every day to make a living. A college education is a cure. I believe it deep in my heart. There is no one that you've ever met who's more convinced. I'm not an educator. Far from it. Far from it. I don't think I could even get into a university today. I wasn't that great a student. There was no such thing as SAT exams when I went. All you needed to have was \$100, and that was the truth.</p> <p>13 I'm telling you, ladies and gentlemen, 14 with all due respect, this is a terrible bill 15 because every university in the state is going 16 to come next year and the following year with 17 the same idea. Plus the fact I think that you're doing something wrong. You're doing something wrong to the thousands of families that really believe that when they purchased that contract and paid for it over 18 years, that they were paying for tuition.</p> <p>18 REPRESENTATIVE MEALOR: Thank you. 19 Mr. Tate, if you'll go ahead and wrap up, 20 please, simply because of the time factors</p>

<p style="text-align: right;">Page 14</p> <p>1 we've allotted.</p> <p>2 MR. TATE: Chairman, I appreciate it and I</p> <p>3 will. I don't have much more.</p> <p>4 I just really want you to know that this</p> <p>5 is more important to me than probably most</p> <p>6 other people you've met. This program, because</p> <p>7 it bears my name, but more importantly what it</p> <p>8 does for the state of Florida, which is more</p> <p>9 meaningful than you can possibly imagine.</p> <p>10 Florida will have the highest percentage of</p> <p>11 college graduates of any state in the union by</p> <p>12 the year 2010, and it's all because of this</p> <p>13 prepaid program.</p> <p>14 Don't do it. Don't change the tuition.</p> <p>15 Don't call it another name by saying it's a</p> <p>16 fee. I don't even know whether it's legal or</p> <p>17 not. But I could tell you I know it's wrong,</p> <p>18 morally, educationally and in every other way.</p> <p>19 If you read the program and what the people</p> <p>20 bought, they bought a prepaid tuition contract.</p> <p>21 Don't change it now.</p> <p>22 Thank you very much.</p> <p>23 REPRESENTATIVE MEALOR: All right. Thank</p> <p>24 you, Mr. Tate.</p> <p>25 Members, we extended an invitation to</p>	<p style="text-align: right;">Page 16</p> <p>1 anything more meaningful to this state,</p> <p>2 particularly in terms of the knowledge base,</p> <p>3 knowledge and information, society, not only</p> <p>4 for the creation but also the commercialization</p> <p>5 of those activities.</p> <p>6 Ms. Roberts, thank you for indulging me in</p> <p>7 my comment. You're recognized.</p> <p>8 MS. ROBERTS: Thank you, Chairman Mealor.</p> <p>9 Honored representatives, Dr. Proctor, my</p> <p>10 friend. I'm here to talk to you briefly today</p> <p>11 and then I'll be available for any questions.</p> <p>12 First of all, I want to say that I honor</p> <p>13 Stanley Tate very much. He certainly is a</p> <p>14 volunteer that's given his time and money, and</p> <p>15 I respect it very much.</p> <p>16 My sons, we participated in Prepaid and</p> <p>17 we're the first in our family, when a new child</p> <p>18 is born, to buy it. After saying that, we know</p> <p>19 we have some issues as far as this fee.</p> <p>20 I could give you a plan for Prepaid, but I</p> <p>21 don't think you're here to hear my point of</p> <p>22 view on that today. I'm talking to this bill.</p> <p>23 This bill is important, this enhancement</p> <p>24 fee to be specific. When the Board of</p> <p>25 Governors unanimously passed this, it was</p>
<p style="text-align: right;">Page 15</p> <p>1 Mr. Tate as a courtesy. He is the past</p> <p>2 chairman of the Florida Prepaid College</p> <p>3 Program.</p> <p>4 Members, one of the things we know -- I do</p> <p>5 agree with him -- the bill, as it's currently</p> <p>6 written, is problematic. That's the very</p> <p>7 reason for the workshop. And what we're going</p> <p>8 to do right now is to try to hear from as many</p> <p>9 that would like to testify. I think we need to</p> <p>10 begin at the top of the system. And at this</p> <p>11 time it's my pleasure to recognize Carolyn</p> <p>12 Roberts. Ms. Roberts is the chair of the Board</p> <p>13 of Governors for our state university system.</p> <p>14 Ms. Roberts, good morning.</p> <p>15 MS. ROBERTS: Good morning.</p> <p>16 REPRESENTATIVE MEALOR: Welcome. And</p> <p>17 you're recognized.</p> <p>18 And, members, keep in mind that everything</p> <p>19 we're trying to do from this point forward is</p> <p>20 to find out, is there a way that we can work</p> <p>21 with Representative Dean and Senator Oelrich,</p> <p>22 particularly as it relates to the trying to</p> <p>23 move a university to the top ten. And I must</p> <p>24 tell you right now that I don't think from an</p> <p>25 economic development perspective there can be</p>	<p style="text-align: right;">Page 17</p> <p>1 because not only did we believe it would move</p> <p>2 the University of Florida up but, more</p> <p>3 importantly than that, our system. We are a</p> <p>4 board that's responsible for the whole system,</p> <p>5 11 universities. And we know and I believe can</p> <p>6 prove to you, if you would like it, that</p> <p>7 systems move up because of the top</p> <p>8 universities, not that all universities are not</p> <p>9 as valuable, but the University of Florida is</p> <p>10 significant to our system, to our system moving</p> <p>11 to be -- to be competitive in our country, and</p> <p>12 I might say now in the world, as we have a</p> <p>13 world economy and we want to be the -- we --</p> <p>14 our university system is the key to us</p> <p>15 competing in the world economy.</p> <p>16 This fee is so important to our system</p> <p>17 because we, as you know, respectfully, do not</p> <p>18 have the appropriate funds at the University of</p> <p>19 Florida to have the student-faculty ratio that</p> <p>20 is competitive with other universities on their</p> <p>21 level.</p> <p>22 We felt, as our board, that this was the</p> <p>23 first step for our system moving forward. So</p> <p>24 not only when you talk about the University of</p> <p>25 Florida today, think about our system. Think</p>

<p style="text-align: center;">Page 18</p> <p>1 about it -- what it means to our state.</p> <p>2 In my opinion -- and I have a strong 3 opinion on this -- I do not believe you can 4 have a great state without a great university 5 system. I think it's the most important thing 6 you'll do. So this fee is important to our 7 University of Florida, but it's very important 8 to our system.</p> <p>9 And I will tell you I have -- our youngest 10 son is graduating from the University of 11 Florida with a graduate degree. I believe this 12 will be my last University of Florida or 13 university degree. They've moved around 14 different places. They like to honor all the 15 schools. But I know for students today, \$500 a 16 semester is not as much as some of us that are 17 older would believe it to be. I know that \$500 18 should be considered money and I believe the 19 plan the University of Florida has for students 20 who are not able to pay that fee is not only 21 appropriate; it was necessary for them to talk 22 to the board about it for us to pass it. They 23 have a plan for students who are not able to 24 pay it. We have to honor them. We don't want 25 anyone not to be able to attend our</p>	<p style="text-align: center;">Page 20</p> <p>1 REPRESENTATIVE PROCTOR: And that puts you 2 still under Mississippi State at Starkville. 3 We used to say thank God for Mississippi. We 4 can't say that anymore.</p> <p>5 My question to you is, what long-range 6 plan does the university system have? There 7 has to be some way -- and I respect Mr. Tate. 8 He and I have debated this for years, and I 9 contended ten years ago that sometime there 10 would come a time when Bright Futures and 11 Prepaid would conflict with tuition, and we 12 needed to find a way to deal with that.</p> <p>13 MS. ROBERTS: We are trying very hard to 14 do that, Dr. Proctor.</p> <p>15 REPRESENTATIVE PROCTOR: And I think, 16 ultimately, the universities are going to have 17 to just eat the Prepaid, and then we're going 18 to have to find a way to attend to his concern 19 about those who cannot afford to go. But I'm 20 fearful that if we continue to restrict the 21 universities, that not just in economic 22 development but in biomedical and all other 23 research areas that are vital to this state, 24 we're going to have a bad situation.</p> <p>25 So I would hope -- I just -- having made</p>
<p style="text-align: center;">Page 19</p> <p>1 universities because they are not -- they don't 2 have funds to do it. So we have a plan. We 3 have a plan for students who cannot -- are not 4 able to pay that.</p> <p>5 So I think we've covered all areas. But 6 just remember, you're not just talking about 7 the University of Florida. You're talking 8 about our system.</p> <p>9 I'm available for questions, and I'll be 10 sitting right there waiting.</p> <p>11 REPRESENTATIVE MEALOR: Members, are there 12 questions for our chair?</p> <p>13 Representative Proctor, you're recognized.</p> <p>14 REPRESENTATIVE PROCTOR: Ms. Roberts, good 15 to see you again.</p> <p>16 MS. ROBERTS: Nice to see you,</p> <p>17 Dr. Proctor.</p> <p>18 REPRESENTATIVE PROCTOR: We go back to the 19 state school board times together.</p> <p>20 If this fee is granted, by the data I 21 have, you will raise the money to a level, if 22 you just add it on the tuition, somewhere 23 around the University of Idaho at Moscow.</p> <p>24 MS. ROBERTS: We haven't set our sights 25 real high with this fee.</p>	<p style="text-align: center;">Page 21</p> <p>1 that speech, you just hope that the Board of 2 Governors will work toward getting us somehow 3 out of this box, where when I look at 4 Pennsylvania State University at 12,000 and the 5 University of Florida at the bottom of 75 state 6 universities at 3,000 and say that we've got to 7 compete with them for faculty, for federal 8 research grants, and they outgun us four to 9 one. There has to be some way to deal with that.</p> <p>10 MS. ROBERTS: Sir, this is a very serious 11 issue, and thank you for bringing that point 12 up. The Board of Governors is continually 13 working on goals. We have a strategic plan 14 now. We're involved in long-range planning, as 15 I know all of you are aware. There are Pappas 16 reports. This is a very serious issue for the 17 State of Florida and for those of you sitting 18 in your seats that have the opportunity to fund 19 our top priorities. And I say to you, our 20 universities, it is time they are our top 21 priorities. The engine that fuels our economy, 22 in my point of view, are our universities.</p> <p>23 So this is a very important issue, and I 24 hope you will take that into consideration in</p>

<p style="text-align: center;">Page 22</p> <p>1 this workshop. We'll be glad to provide any 2 information you need. Your staff has been 3 wonderful to work with. But, indeed, this is a 4 critical time, and I believe this is the year. 5 Thank you very much.</p> <p>6 REPRESENTATIVE PROCTOR: Another comment. 7 REPRESENTATIVE MEALOR: Certainly. 8 Follow-up? Please.</p> <p>9 REPRESENTATIVE PROCTOR: But the reality 10 of – even if this is granted, it doesn't solve 11 your problem that much.</p> <p>12 MS. ROBERTS: No, sir. 13 REPRESENTATIVE PROCTOR: It doesn't put 14 you in anything comparable. You're still 15 \$1,700 below the national average. 16 MS. ROBERTS: Yes, sir. We're very aware 17 of that. 18 REPRESENTATIVE MEALOR: Representative 19 Thompson, you're recognized, and then 20 Representative Heller. 21 REPRESENTATIVE THOMPSON: Thank you, 22 Mr. Chair. 23 In looking at enrollment of minority 24 students in our public institutions of higher 25 education, we see that the enrollment of</p>	<p style="text-align: center;">Page 24</p> <p>1 just a little advertisement here, to come when 2 we have the reception when we meet those new 3 students. You see the brightest students, the 4 best students. And it is a very diverse group. 5 And so it's an opportunity for you to have to 6 fund that. That's just a little political 7 advertisement on the side, because I join you 8 in that issue. And the University of 9 Florida -- and I can't speak to the specifics, 10 but the president's here -- has assured us in a 11 public meeting before we approved this that any 12 student that qualifies for financial aid and 13 has difficulty paying this \$500, they will have 14 an opportunity for the university to reimburse 15 them. So you can ask them specifically how 16 that's done, but our board would have never 17 passed it had we not had that assurance that a 18 qualified student will never be turned down 19 because of this fee. It's very important. Our 20 board is dedicated to students, to financial 21 aid for students. 22 My goal and I believe the board joins me, 23 is that there will never be a time that a 24 qualified student is turned down from our 25 universities. It's very important to all of</p>
<p style="text-align: center;">Page 23</p> <p>1 African-American, Hispanic students in state 2 universities is decreasing and increasing in 3 community colleges. And I'm very concerned 4 about access, both from the standpoint of the 5 criteria that we set for admission but also, 6 very importantly, in terms of being able to 7 afford it. And I think that's an issue. 8 You mentioned that you have a plan for 9 individuals who have financial issues with 10 regard to the enhancement fee. And, Mr. Chair, 11 I don't know if we have enough time, but I'd 12 like to know if we could hear what that plan 13 is. 14 MS. ROBERTS: Well, I have -- yes, ma'am. 15 And thank you for those questions. And I join 16 you in the same concerns. 17 When I joined the Board of Regents in 18 1989, my first chair was access and equity. I 19 became aware of the issues, and I've worked 20 hard on it, and I hope have had some success in 21 those 18 years. 22 We do -- by the way, this year with the 23 first generation scholarship, we did have some 24 success. And I invite and you I want to make 25 sure you're invited, if they're funded again,</p>	<p style="text-align: center;">Page 25</p> <p>1 us. We're dedicated to that. 2 REPRESENTATIVE THOMPSON: Thank you. 3 REPRESENTATIVE MEALOR: And Representative 4 Thompson, thank you. Very, very important 5 question. 6 And in the Pappas report, they address 7 specifically some of the concerns that you 8 have, the very area that you talked about, the 9 skills and the knowledge base necessary for 10 those students as they're moving through our 11 system, to be able to just simply to access, 12 the opportunity for postsecondary education. 13 Representative Flores' committee is actually 14 addressing that during this session. Very 15 timely question. 16 Representative Heller, you're recognized. 17 REPRESENTATIVE HELLER: Thank you, 18 Mr. Chair. 19 The fee, as I read the language here -- 20 and the language is to delegate authority to an 21 institution to develop an enhancement fee. And 22 it's under student fees, so I would assume that 23 in that process the university involved would 24 at least contact its students and have the 25 students, you know, respond to that, since it's</p>

<p style="text-align: center;">Page 26</p> <p>1 really seen here as a student fee to enhance 2 the program that they're going to receive. 3 Am I correct in that part, that, you know, 4 this would be a delegation of authority to a 5 university to consider the development of 6 enhancement fee, and then there are criteria 7 there that would involve students in that 8 process?</p> <p>9 MS. ROBERTS: Yes, sir. For our board, it 10 was for one university. I know the fear that 11 it will open the doors to all the universities. 12 Our board took this fee up for one university. 13 It was – it was for us to give that authority 14 to the Board of Trustees for this fee with 15 accountability measures back to the Board of 16 Governors. We believe in accountability 17 because we believe we are accountable to you, 18 sir. And these are funds that are not ours and 19 we want the Board of Trustees to be accountable 20 to the Board of Governors and us, in turn, to 21 be accountable to you.</p> <p>22 This is for incoming freshmen. They are 23 aware, if it is your pleasure, that this fee 24 will be charged to them. They know that before 25 they accept going to the University of Florida.</p>	<p style="text-align: center;">Page 28</p> <p>1 MS. ROBERTS: May I make one comment? 2 REPRESENTATIVE MEALOR: Please do. 3 MS. ROBERTS: The Board of Governors is a 4 group of volunteers who are dedicated to this 5 state and to the students of this state. We 6 have – we feel that it's very important to us 7 to give an opportunity to all qualified 8 students, and we believe that there will be 9 more qualified students as our K through 12 is 10 working to improve that system. So this board 11 of volunteers believe this fee is very 12 important and will not in any way harm a 13 student. I can speak for our board. We would 14 never pass anything that was not in the best 15 interest of a student.</p> <p>16 And I do believe that our young people and 17 their parents that are paying these Prepaid 18 contracts expect a quality system. I do think 19 it's important that you go to a university that 20 is recognized. And I hope, as you have this 21 workshop today, you will never forget that 22 quality is important because if your child – 23 if you are working hard for your child to have 24 this opportunity, maybe a first-generation 25 scholar, you do want that diploma to be</p>
<p style="text-align: center;">Page 27</p> <p>1 They also know that financial aid is available 2 and will be – not only does financial aid need 3 to be available; it needs to be in a way 4 students can understand it and access it. The 5 University of Florida is dedicated to that. 6 So, yes, sir, it is. It's on incoming freshmen 7 who are aware of it now as they accept their 8 offer to go to the University of Florida.</p> <p>9 REPRESENTATIVE MEALOR: Thank you, 10 Representative Heller.</p> <p>11 And if I may follow up also. I think that 12 the bill that's currently in front of you and 13 you cited is problematic in its language. 14 Frankly, I would not have heard it.</p> <p>15 I have worked very closely with our Senate 16 colleagues and with the executive branch. And 17 I think that if we can work through this, the 18 only probability of success, in my opinion, is 19 that we must absolutely delimit that this is 20 for one institution and one institution only at 21 this time and will not be, as was spread 22 earlier, allowing all 11 to go down this same 23 road.</p> <p>24 Thank you. Further questions of Chair 25 Roberts?</p>	<p style="text-align: center;">Page 29</p> <p>1 competitive with any university. We owe our 2 citizens that.</p> <p>3 Thank you very much for allowing me to 4 speak.</p> <p>5 REPRESENTATIVE MEALOR: Thank you very 6 much.</p> <p>7 Members, at this time, I'd like to 8 recognize the president of the University of 9 Florida, Dr. Bernie Machen.</p> <p>10 President Machen, good morning.</p> <p>11 DR. MACHEN: Good morning.</p> <p>12 REPRESENTATIVE MEALOR: Welcome and you're 13 recognized.</p> <p>14 DR. MACHEN: Thank you very much.</p> <p>15 I want to thank you all for allowing me to 16 participate in your workshop. I think that 17 from the conversation already today, it's clear 18 this group of legislators has a good 19 understanding of what the bill is requesting. 20 This is a special enhancement to the existing 21 base program at the University of Florida. 22 It's only for undergraduates. That's the area 23 where we think we need the most attention 24 focused.</p> <p>25 Anybody who's receiving need-based</p>

<p style="text-align: center;">Page 30</p> <p>1 financial aid will not have to pay out of 2 pocket this fee. It will either be paid from 3 other sources or it will be waived for these 4 people. So it will not be a barrier for access 5 for anyone who qualifies for need-based 6 financial aid.</p> <p>7 In addition, we did, in fact, 8 Representative Heller, take this program to our 9 students before we brought it out. And our 10 student body is represented here today and, if 11 time permits, they are willing and actually 12 anxious to speak to you about it.</p> <p>13 We're very proud of our students. They 14 show great intelligence and they have figured 15 it out. This bill will help them. It will 16 help them by improving the education that they 17 get at the University of Florida, and they 18 would speak to you if you so choose.</p> <p>19 I'd also like to speak to the issue of 20 diversity. It's a cornerstone of a great 21 university and a great university system. And 22 we were instrumental in helping the legislature 23 start the first-generation scholarship program 24 last year. And at the University of Florida, 25 it allowed us to attract 434 students who would</p>	<p style="text-align: center;">Page 32</p> <p>1 tuition and fees are below even the norm for 2 the state of Florida. 3 We are the lowest flagship university 4 tuition in the country. We rank U.S. News and 5 World Report -- or USA Today had a ranking of 6 75 universities last fall. The University of 7 Florida is No. 75. If this fee were to be 8 implemented, we will go from 75th to 66th. So 9 I guess that's right around Moscow, Idaho, if 10 you listen to Representative Proctor. 11 So this is not going to solve the overall 12 system problem. And, as Chairman Roberts 13 mentioned, this is not a plan that is designed 14 for the entire system. It's designed just for 15 the University of Florida. We think it will 16 work. We think it will make a difference at 17 our university, and we would urge you to give 18 it your careful consideration. 19 Thanks, Representative Mealor. 20 REPRESENTATIVE MEALOR: President Machen, 21 thank you very much for your comments. 22 Members, are there questions? 23 Representative Proctor? 24 REPRESENTATIVE PROCTOR: Thank you, 25 Mr. Chairman, president. President, welcome.</p>
<p style="text-align: center;">Page 31</p> <p>1 otherwise not be able to attend our university. 2 241 of them are African Americans. And these 3 are the first in their families to ever attend 4 college, and they are going to be the leaders 5 and best of our university system in the years 6 to come. 7 And, again, like Chairman Roberts, I have 8 a small plug for you. We have 500 more we want 9 to accept for next year who would enter 10 depending upon the funding that's available for 11 these people. In one year, last year, we 12 increased the percentage of our freshman class 13 that's African American from 9 to 13 percent, 14 primarily as a result of this scholarship 15 program. So it's a separate approach, but it 16 is something that all universities in our state 17 are focused on and are trying to make a 18 difference at, so we share the concern that 19 you've expressed. 20 As Representative Proctor was alluding to, 21 the tuition at the University of Florida is 22 extremely low. We pay the tenth lowest tuition 23 and fees of any system school in the state of 24 Florida, so we are the second lowest of all the 25 11 state universities currently. So our</p>	<p style="text-align: center;">Page 33</p> <p>1 Good to see you. 2 I have several short questions. 3 REPRESENTATIVE MEALOR: Please. Go right 4 to the presenter, please. 5 REPRESENTATIVE PROCTOR: Comparing with 6 other major state universities, what is 7 University of Florida's endowment? Are we 8 modestly endowed? 9 DR. MACHEN: Compared to publics, we are 10 in the top 50. 11 REPRESENTATIVE PROCTOR: Top 50. 12 DR. MACHEN: We are right at a billion 13 dollar endowment. 14 REPRESENTATIVE PROCTOR: What percent of 15 the entering freshmen would have a prepay? 16 DR. MACHEN: We have run the numbers and 17 it's a bit of a guesstimate. Since this 18 program starts only with new students, we 19 focused on next year's freshman class. It 20 looks like to us 31 percent of our entering 21 freshman class will be on Prepaid next fall. 22 REPRESENTATIVE PROCTOR: And what percent 23 would have Bright Futures? 24 DR. MACHEN: 95 percent. 25 REPRESENTATIVE PROCTOR: So 95 percent,</p>

<p style="text-align: right;">Page 34</p> <p>1 absent Prepaid, still have all tuition paid 2 when they enroll, right? 3 DR. MACHEN: Correct. 4 REPRESENTATIVE PROCTOR: My question, 5 then, based on all that is this: I've noted 6 your increase and I understand the reasons, but 7 if we continue on this track and we open three 8 new medical schools, and are we going to be 9 recruiting outstanding physicians from out of 10 state and outstanding faculty, or are we simply 11 going to be hiring away from each other in an 12 ever-declining number and an ever-declining 13 quality? 14 DR. MACHEN: My market for faculty, 15 Representative, is a national market. We 16 rarely recruit from within the state of 17 Florida. 18 REPRESENTATIVE PROCTOR: But what about 19 the new medical schools? 20 DR. MACHEN: The new medical schools are 21 going to have to recruit from out of state. We 22 do not have enough faculty from our own -- for 23 our own medical schools right now. So this 24 will come from outside if they're going to be 25 successful at all.</p>	<p style="text-align: right;">Page 36</p> <p>1 DR. MACHEN: Thank you very much. 2 This is why I think the students have 3 gotten onboard. This is very targeted. One of 4 the real dilemmas for the University of Florida 5 is our teacher-student ratio. When you compare 6 us to the national norm, the number of students 7 per faculty is way above what it should be. 8 We're committing to hire new faculty with this 9 money, 200 new tenure-track hardcore faculty 10 that will be used to teach undergraduates. 11 In addition, the national norm for 12 academics counselors is about one counselor to 13 300 students. Ours is over one to 1,000. So 14 we will also hire 100 new academic counselors. 15 One of the dilemmas at our university and 16 indeed others is getting our kids -- we talk 17 about how they're the best and the brightest. 18 Well, only 55 percent of ours graduate in four 19 years. Some of the problems are they get lost 20 in the system and they can't make their track, 21 so we're going to hire academic counselors to 22 lower the ratio of students to counselors and 23 we're going to hire new faculty. And they're 24 not going to just go across the board. There 25 are certain disciplines that are more in</p>
<p style="text-align: right;">Page 35</p> <p>1 REPRESENTATIVE PROCTOR: So how are we in 2 faculty salaries if we want to recruit 3 outstanding in the researches, in the medical, 4 in the biotechnical? What is your competitive 5 position? 6 DR. MACHEN: We are at least 10 -- 7 depending upon the discipline now, between 10 8 to 25 percent below the national market for the 9 faculty that we are trying to recruit. This is 10 important to retain as well. We get rated 11 every year by people who come in and realize 12 the economic circumstance in Florida. 13 REPRESENTATIVE PROCTOR: I make my 14 comments obvious. Thank you, Mr. President. 15 REPRESENTATIVE MEALOR: Representative 16 Nehr? 17 REPRESENTATIVE NEHR: Thank you, 18 Mr. Chairman. 19 Welcome, President Machen. How are you? 20 DR. MACHEN: Fine. 21 REPRESENTATIVE NEHR: I apologize if this 22 question was already asked. I was presenting a 23 bill in another committee, but can you tell me 24 what specifically you would do with the 25 additional funding?</p>	<p style="text-align: right;">Page 37</p> <p>1 demand, and the students can't get into them 2 because we don't have enough sections 3 available. So we're going to put the new 4 faculty where the students tell us they want 5 more faculty by virtue of where they're signing 6 up for new courses. 7 Thank you. 8 REPRESENTATIVE MEALOR: And we do have a 9 history, I think, at the University of Central 10 Florida several years ago that was identified 11 by the legislature that that was a problem 12 area. They targeted specifically that. And we 13 heard public testimony this past summer 14 complimenting them on the way that they were 15 able to turn that around and make it a rather 16 efficient and effective process. 17 Representative Patterson and then we'll 18 take it next. 19 Representative Patterson, you're 20 recognized. 21 REPRESENTATIVE PATTERSON: Dr. Machen, the 22 number of faculty that you will be hiring, do 23 you have the classroom facilities and 24 laboratory facilities to house these people? 25 DR. MACHEN: We do. We do. Much to our</p>

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<p>1 students' dismay, they may have to go to class 2 in the evenings and more on Friday than they'd 3 like, but we think we have that covered. The 4 only issue might be offices. We think that 5 that, fortunately, is a low-cost issue and 6 would be accommodated in our future PECO 7 allocations. But it's a very important 8 infrastructure question that we've looked at. 9</p> <p>10 The other thing is, since this is going to 11 be phased in over a four-year period, we have 12 time to ramp it up, and we think that we can 13 accommodate that.</p> <p>14 REPRESENTATIVE PATTERSON: My other 15 question has to do with -- I know one time I 16 heard a ratio that there was like 25,000 17 students that applied to the University of 18 Florida as freshmen and 5,000 were accepted. 19 And, luckily, my daughter happened to be one of 20 those, but she was on a national merit 21 scholarship.</p> <p>22 How many additional freshmen students 23 would you be able to take in as a result of 24 this?</p> <p>25 REPRESENTATIVE PATTERSON: We are not 26 planning to increase enrollment with this.</p>	<p>1 to do, they are going to be the major 2 beneficiaries of this effort, so I applaud you 3 for that.</p> <p>4 And, again, I -- tuition is at the -- in 5 any institution in a university system is very, 6 very low. As a consequence of that, we do not 7 have the resources in most of our institutions 8 to do the kind of enhancement that you're 9 talking about. That's unfortunate but I think 10 that, as Representative Proctor has mentioned, 11 that's something that we're going to have to 12 deal with, and this is one means of attempting 13 to do that. So thank you for your effort.</p> <p>14 DR. MACHEN: Thanks for your insight and 15 your understanding.</p> <p>16 REPRESENTATIVE MEALOR: Members, further 17 questions of our presenter?</p> <p>18 President Machen, thank you very much, and 19 there may be other questions as we go through 20 this process.</p> <p>21 At this time, it is my pleasure to 22 recognize the chair of the Stanley G. Tate 23 Prepaid College Program, Mr. Ted Hoepner.</p> <p>24 Mr. Hoepner, good morning. Welcome. And 25 you're recognized.</p>
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<p>1 That's why the students are so engaged in this. 2 This will, we think, go straight to improving 3 the quality of their education. Our numbers 4 this year are over 25,000 applications for 5 6,000 slots. But this is not an 6 enrollment-growth model. This is an 7 academic-enhancement model. So we're not using 8 this to increase the size, unfortunately, of 9 the class.</p> <p>10 REPRESENTATIVE MEALOR: Any further 11 questions?</p> <p>12 Representative Heller, you're recognized.</p> <p>13 REPRESENTATIVE HELLER: President Machen, 14 I appreciate your interest in making sure that 15 the curriculum is enhanced for the students 16 because I know, as a former head of a campus 17 and now as a faculty member, nothing means more 18 to them than the person who's standing in front 19 of them in a classroom. And, indeed, we talk 20 about class sizes being important for the 21 public and public schools. It's equally as 22 important at the higher education level. I 23 would -- and I also commend you for having the 24 students involved. I would like to hear from 25 the students because I think what you're trying</p>	<p>1 MR. HOEPNER: Thank you, Chairman Mealor. 2 And thank you, Vice Chairman Proctor and 3 committee members, for allowing me to address 4 you this morning.</p> <p>5 Let me introduce myself. I'm Ted Hoepner. 6 And, again, as introduced by David Mealor, I am 7 the chairman of the Stanley Tate Prepaid 8 College Program. That includes both the 9 tuition program and the investment program.</p> <p>10 Previously, in my real life, I was vice 11 chairman of SunTrust Banks in Atlanta, Georgia. 12 And prior to that, president, chairman and CEO 13 of SunTrust Bank here in the state of Florida. 14 I've got a perspective of economic development 15 from a banker's point of view. I also have an 16 appreciation for the academic side of things. 17 I served as chairman of Rollins College as 18 board of directors. I was on the University of 19 Miami board of directors. I'm close to several 20 of the university presidents in the past and so 21 have an appreciation for schools in our state 22 and the dilemma that you're facing as the 23 legislature and the ones that have got to 24 decide what it is we're going to do about all 25 this.</p>

<p style="text-align: center;">Page 42</p> <p>1 With me today, I have several of our staff 2 members. I have them here, so as they are 3 available to answer questions, if I'm not able 4 to do that, Tom Wallace, our executive 5 director, Bill Nichols, our director of 6 operations -- Diane Hurth [ph] is our new 7 marketing director. Phil Blank is our general 8 counsel, is here with us today. And then also, 9 because this is a very, very complicated matter 10 when you get into the dollars and cents of it, 11 we also asked Seth Harlow, who is an actuary 12 from Ernst & Young, to be here to answer any 13 questions, should we get into the dollars and 14 cents of all of this. And I will try to 15 address some of that, but when we get really, 16 really technical, you need the expert to do 17 that, and I wanted to make him available to you 18 should you get into the real nitty-gritty of 19 all of this.</p> <p>20 For those of you that are not familiar 21 with the Florida Prepaid, let me give you one 22 little snippet of background. It was again 23 formed back in '88. Stanley was the driving 24 force. We have over 1,200,000 contracts that 25 have been sold. We've got almost 800,000 of</p>	<p style="text-align: center;">Page 44</p> <p>1 November of last year. It was brought forward 2 by the University of Florida and then went to 3 the Board of Governors, and the Board of 4 Governors accepted that proposal. It came 5 before our board on December the 7th, and we 6 contemplated then what was something a little 7 bit different than what your House Bill stands 8 for. It talked about University of Florida 9 only. The House Bill doesn't specify 10 University of Florida only. It talked about it 11 being an academic enhancement fee that would 12 have attached to it certain criteria, numbers 13 of faculty, and how it was going to be 14 enhanced. That's not in the current House 15 Bill. Talk about deficiencies.</p> <p>16 It also, as we read it, because of the way 17 the statute is written, quite complicated, but 18 it specifically excluded the Florida Prepaid 19 Board from paying for its contract holders. 20 And so you'd say, well, goodness. You would be 21 happy about that. You are not going to have to 22 pay this contract as a board; but, rather, your 23 contract holders, the individuals who bought 24 these contracts, they'll have to pay. I hope 25 that's -- I've made that clear.</p>
<p style="text-align: center;">Page 43</p> <p>1 those contracts still outstanding. We have 2 about 59 percent of these plans that were sold 3 to individuals with \$70,000 or less in family 4 income. So this is not just a wealthy person's 5 plan. It's very much more diverse.</p> <p>6 I would also tell you that a large 7 percentage of the families purchased these for 8 their infant at birth and pay for this over an 9 18-year period of time, 200-odd payments, 213 10 to be exact, individual monthly payments. So 11 these are people that are dedicated to what 12 we're speaking of; and that is, a college 13 education for their children.</p> <p>14 They're also very interested in the 15 dollars because if you're on an \$84-a-month 16 plan, you're worried about affordability, to go 17 to Stanley's point. But at the end of the day, 18 what they want is a college education for their 19 children.</p> <p>20 And today, 74,000 students attend the 21 university under the Florida Prepaid plan. As 22 I said, over 700,000 additional students will 23 be coming forward under the existing programs.</p> <p>24 When we first heard of the academic 25 enhancement fee, it was actually back in</p>	<p style="text-align: center;">Page 45</p> <p>1 And when we thought about it and we 2 discussed it, it was problematical to us 3 because we said, this is really tuition. We 4 said that when you write a bill that talks 5 about academy enhancement and you say it's 6 going to be for faculty and for teaching 7 purposes and then you look at the Florida 8 statutes, that is tuition.</p> <p>9 So here we've got a situation where it 10 sounds as if we're exculped [sic] but, in fact, 11 we're exculped from the very thing that we 12 guarantee as a state; and that is, a paid 13 tuition. So we took it to our attorney, 14 Counselor Phil Blank, and we asked him, what 15 did he think. And he opined in a written legal 16 opinion to our board that, in fact, it appeared 17 to be tuition under the statute. He was 18 concerned that if it were passed the way it was 19 originally written, that we would, in fact, 20 probably end up in court. That litigation -- a 21 class-action suit has been threatened, that 22 we'd end up in court. We would lose in court 23 and we would end up having to pay the fee as a 24 board.</p> <p>25 So we're very concerned about the way that</p>

<p style="text-align: center;">Page 46</p> <p>1 is written. And, as a consequence, as we 2 looked further into that, we tried to figure 3 out a way where we could accommodate what the 4 University of Florida and the Board of Regents 5 were interested in and at the same time 6 accommodate our contract holders and our board. 7 You know, where is this compromise, this 8 meeting of positions? Because, frankly, the 9 board is sympathetic to the board of governors' 10 concerns, but it's also got a fiduciary 11 responsibility to our contract holders and our 12 board itself.</p> <p>13 So we started to analyze what these 14 impacts would be. And, to begin, if you were 15 to assume that we, in fact, would have to pay 16 the fee for the University of Florida contract 17 holders that were to go to that university, 18 some 29 to 30 percent, we think, of the 19 incoming freshmen, it would cost -- it would 20 cost the Prepaid fund about \$326 million over 21 the term of those students that we currently 22 have under contract. Currently, we have a 23 \$585 million actuarial reserve. Were we to pay 24 it, we would have a \$260 million actuarial 25 reserve. And so everything looks okay. Well,</p>	<p style="text-align: center;">Page 48</p> <p>1 \$540 million. Boom. It's gone, just like 2 that.</p> <p>3 Now, to give you an idea, we assumed, in 4 the last period of time that we set this 5 actuarial reserve, the accountants did, they 6 figured a 530 return. Currently, spot ten-year 7 yield would be about 450. We add ten basis 8 points because we do some enhancement. You 9 know, we're looking at a major revision already 10 downward of our existing reserve.</p> <p>11 I'm worried personally, over a long period 12 of time, that we have low interest rates. 13 Stanley introduced -- we have continued as a 14 board to have immunization, which basically 15 says that we are not going to speculate in the 16 bond market. We are going to try to cover 17 these actuarial costs with very safe 18 government-type or quasi-government bonds. And 19 historically we have been very fortunate 20 because over that long period of time, we had 21 some very high interest rates and we averaged 22 about 9 percent, okay? Today we're looking at 23 a 4-and-a-half-percent return. And it just 24 doesn't work anymore when you have a 9-percent 25 average and now we've got a</p>
<p style="text-align: center;">Page 47</p> <p>1 it's not okay. I want to tell you, first of 2 all, our concerns is -- we delved into it.</p> <p>3 First of all, an actuarial reserve is not 4 money in the bank. It's not like an insurance 5 reserve or a savings account or something else. 6 An actuarial reserve -- and we've got the 7 actuary here -- is simply an estimate of your 8 ability to pay your liabilities over time based 9 on the assets that you have on hand at a given 10 time. And rates of inflation and tuition, 11 bonds rates are considerations in that 12 calculation.</p> <p>13 To give you an idea of the sensitivity to 14 an actuarial reserve, let me state that over 15 the period of the last 19 years when the 16 program has been in existence, there's been a 17 range of excess of 3 percent to 18 percent, 18 okay? So we've had a range of 3 to 18 percent 19 actuarial reserve. Right now, we've got about 20 9.6, almost 10 percent actuarial reserve, and 21 that sounds like a lot. But if you look at 22 another statistic, you'd think, well, it's not 23 really very much because a 1 percent change or 24 error or difference in our assumption on bond 25 rates, 1 percent, 1 percent, 1 percent, is</p>	<p style="text-align: center;">Page 49</p> <p>1 4-and-a-half-percent average.</p> <p>2 So what I'm suggesting to you is please 3 don't touch that reserve because, if you do, it 4 just may accelerate a very difficult situation, 5 which would end up back in the legislature 6 because, at the end of the day, who is going to 7 fund all those plans? It's either going to be 8 the state legislature or it's going to be the 9 universities themselves. That's where it backs 10 up.</p> <p>11 In any event, at the December the 7th 12 meeting, the board took the position that if 13 the fee was adopted by the legislature, if you 14 adopt a fee, that the current Florida Prepaid 15 College Plan policyholders or our contract 16 holders, if you will, and the board itself 17 should be exempt from paying that fee for the 18 existing contract holders. We went on to say, 19 however, that beginning next year, we would 20 like the authority to start the charge for an 21 enhancement fee.</p> <p>22 So we're saying back to you, we don't -- 23 we, as the current board, different than what 24 Mr. Tate had to say, is saying we want to be 25 open to change. We want to figure out a way to</p>

<p style="text-align: center;">Page 50</p> <p>1 help get where you're trying to get in the way 2 of enhancing your university systems, and we 3 think that this compromise is the best of all 4 alternatives.</p> <p>5 Let me take the systemic problem; that is, 6 take it beyond the University of Florida and 7 say, all 11 universities decide that they need 8 a fee. Well, that's a hit to us of about 9 \$1,400,000,000 if everybody did it and all did 10 it at \$1,000 and did it the same way that the 11 University of Florida did it. And so, you 12 know, that, again, is problematical. We 13 can't -- we can't cover that. Many of our 14 board members felt as if we were on a slippery 15 slope. And once we approved this, everybody's 16 going to follow and want to do that, and that 17 would not work well. It would put us into a 18 negative reserve position of about 19 \$865 million. So that's quite a swing.</p> <p>20 The board's not trying to impede the 21 legislature's ability to increase tuition or 22 make improvements to the universities, but it's 23 important to consider the impact on Florida 24 families that have already purchased a plan, 25 made a deal with you, the legislature. And</p>	<p style="text-align: center;">Page 52</p> <p>1 you follow?</p> <p>2 We believe a promise is a promise. For 20 3 years almost, families have saved and 4 sacrificed to help their children achieve their 5 dreams. We believe that the board, our board, 6 has a fiduciary responsibility to meet the 7 contractual agreement, let you know what the 8 impact would be financially to the State of 9 Florida were we to not handle it as we've 10 suggested. And, then, finally, we also believe 11 that it's our duty to inform our customers, the 12 policyholders, what is happening in the 13 legislature as it moves forward. And we have 14 done that in the past, and we've kept you 15 informed so that you know what we're telling 16 our clients.</p> <p>17 REPRESENTATIVE MEALOR: Well, Mr. Hoepner, 18 thank you very much. I have just a couple of 19 questions.</p> <p>20 MR. HOEPNER: Yes, sir.</p> <p>21 REPRESENTATIVE MEALOR: Members, as you're 22 aware, the house committees right now, our 23 primary responsibility, first and foremost, was 24 to deal with the 100 innovative ideas. And 25 Innovative Idea 15, which this workshop is</p>
<p style="text-align: center;">Page 51</p> <p>1 these are really committed people, as you 2 probably know from history. They will get very 3 active, and that's the way they are.</p> <p>4 The board believes that we propose the 5 solution that will keep the promise. We think 6 that the bill, if it's changed, should clearly 7 state that the bill for an academic enhancement 8 fee is and will only apply to one university; 9 that is, the University of Florida; that exempt 10 persons who purchase the Florida Pre -- we 11 would like it to exempt persons who have 12 purchased the Florida Prepaid College Plan 13 contracts prior to the effective date of the 14 act. We would like the board, the legislature, 15 to indicate that the Prepaid board will not be 16 required to pay the academic enhancement fee 17 for existing contracts. We would also like the 18 authority from you to sell new contracts 19 beginning this year, that would include such an 20 enhancement fee. We would make a separate 21 contract altogether so that if someone wanted 22 to buy the Florida Prepaid contract, they would 23 buy that. And when they went to school, they 24 would have to pay the fee or they would have to 25 have bought a contract that pays the fee. Do</p>	<p style="text-align: center;">Page 53</p> <p>1 based on finding and implementing concept for 2 that idea. And in that concept, it does say, a 3 university, one. And I think that based on 4 what you've said, it would certainly not to be 5 my intention to open this up.</p> <p>6 We heard the chair of the Board of 7 Governors talk specifically about it being one. 8 We heard the president offer options that in 9 many ways addressed some of the concerns that 10 you had.</p> <p>11 Sir, would it be possible for your team to 12 get us some language based on what you just 13 presented?</p> <p>14 MR. HOEPNER: Yes, sir. Yes, sir, we can.</p> <p>15 REPRESENTATIVE MEALOR: Perfect. Good. 16 Then, let's do that. And may I ask something, 17 right now, in your role and one of the things 18 we're trying to do -- as a matter of fact, 19 House Bill 1237 last session, passed by the 20 legislature, signed by the governor, generated 21 a great deal of interest related to investment 22 in our state universities. Your role was 23 SunTrust in Atlanta -- by the way, Trust 24 Company of Georgia became the underwriter of 25 the old SunBanks. Did the reputation or the</p>

<p style="text-align: right;">Page 54</p> <p>1 perception, the Georgia Institute of Technology 2 and Emory University, contribute to the 3 economic development climate in Atlanta?</p> <p>4 MR. HOEPNER: I would say definitely yes.</p> <p>5 REPRESENTATIVE MEALOR: Thank you.</p> <p>6 And, then, members, that's exactly what 7 we're trying to do in a statewide system. And 8 these are first steps, I think necessary steps. 9 And thank you.</p> <p>10 I know there are going to be several 11 questions, so let me begin with Representative 12 Proctor.</p> <p>13 And, by the way, thank you for the input.</p> <p>14 REPRESENTATIVE PROCTOR: Thank you, 15 Mr. Chairman.</p> <p>16 Thank you for your presentation.</p> <p>17 The question I want to address is this: I 18 understand, I think, what you told us about 19 your financial situation. But as we look into 20 the future, it appears to me that if we 21 continue to sell contracts, that, in reality, 22 tuition will not be set by the Board of 23 Governors or by the Board of Trustees. It will 24 have little to do with the mission of these 25 institutions or their needs. It's going to</p>	<p style="text-align: right;">Page 56</p> <p>1 I believe the concept is one where we 2 probably move from a guaranteed tuition into 3 some form of sale of contracts that pay a 4 portion of or a unit value, where it doesn't 5 have to be the same at every university; that 6 is, you could charge different rates at 7 different universities, have a document, a 8 piece of paper that allows you to utilize that 9 towards a partial payment. But it's got to be 10 a shift. And the problem that we've got is 11 we're, by former legislation, we're -- we 12 guaranteed what we're going to do. And if we 13 don't break it now, ten years from now, just 14 like it was ten years ago, we'll be in the same 15 box. And so what I'm suggesting is to work 16 towards that compromise, if you will.</p> <p>17 Now, I suppose another way you could look 18 at it is that you could suggest that we get 19 more aggressive in our investing. I don't 20 really think we want to do that. Other states 21 have done it, and almost without exception the 22 program has financially failed.</p> <p>23 Now, frankly, that happened because they 24 got very involved in the high-tech boom time 25 and then the stock market cratered and they</p>
<p style="text-align: right;">Page 55</p> <p>1 depend primarily upon what you earn or can earn 2 on your investments. And the further down the 3 road we go, the more likely that the State can 4 never break out of that box. Thus, the 5 university's future will be determined by your 6 investment policy. Now, maybe that's an 7 overstatement, but that's what I understood.</p> <p>8 REPRESENTATIVE MEALOR: Please. Go right 9 ahead. Respond to the question, please.</p> <p>10 MR. HOEPNER: I understand where you're 11 coming from. I'm sympathetic to that argument. 12 I think that there are options that we have 13 that have not been explored that can mitigate 14 what you're speaking of.</p> <p>15 Let me first talk about investments. I 16 would suggest to you that the reason that the 17 Florida Prepaid plan is in existence today, has 18 been successful, is that it was very 19 conservative in the way that it managed its 20 funds and continues to manage its funds so that 21 we don't become a liability. On the other 22 hand, we are constraining what you're able to 23 do, as the Vice Chairman Proctor indicates.</p> <p>24 So how do we solve that dilemma? And I 25 think we need to workshop that problem.</p>	<p style="text-align: right;">Page 57</p> <p>1 faced these huge deficits that their 2 legislature had to fund. We don't want to get 3 in that position. That's one of the reasons 4 that we're so -- so protective of that reserve.</p> <p>5 REPRESENTATIVE PROCTOR: Mr. Chairman?</p> <p>6 MR. HOEPNER: Please.</p> <p>7 REPRESENTATIVE PROCTOR: Thank you very 8 much for that response.</p> <p>9 The difficulty I have is -- I struggle 10 with this problem, is it seems to me that what 11 we really have put ourselves in is a situation 12 where Bright Futures and Prepaid define the 13 resources of the state university system as 14 regards tuition. So we really have two 15 financial aid programs of different types that 16 the legislature actually doesn't have 17 discretion over tuition because Prepaid is so 18 massive that if we wanted to raise tuition -- 19 and I'm not suggesting this -- 10 percent, it 20 creates a real problem for you, as I understand 21 your investment. And I'm not suggesting you 22 get more aggressive.</p> <p>23 Former Chancellor Charlie Reed predicted 24 long ago that at some point the universities 25 would have to be willing to accept what you</p>

<p style="text-align: center;">Page 58</p> <p>1 could responsibly provide, regardless of what 2 their tuition was, and accept it as full pay. 3 That's one step toward the solution. I think 4 if we could arrive at that and then say future 5 policies would take some format such as you 6 suggested is the most encouraging thing I've 7 heard as to how we break out of this situation. 8 So I welcome that comment and I appreciate it.</p> <p>9 MR. HOEPNER: Thank you, Vice Chairman.</p> <p>10 I would suggest that's the only way I can 11 see that we break out of it. Obviously, our 12 whole board has got to embrace that. We've had 13 discussions along those lines. We've reached 14 out to the Board of Governors to suggest that.</p> <p>15 I would comment on one point; and that is, 16 is that systemically, again, the whole system, 17 11 universities, we only represent 13 percent. 18 So I don't think we should be the impediment, 19 given 13 percent. And going back to Charlie 20 Reed's point, why walk away from 87 percent? 21 In other words, were you to increase tuition 22 throughout the system and exempt the contracts, 23 you're still going to get 87 cents on the 24 dollar. That's a pretty good deal. I mean, 25 it's kind of like, you know, sleeves off my</p>	<p style="text-align: center;">Page 60</p> <p>1 they get what they bought: Prepaid tuition. 2 New contracts, we probably have to come -- 3 we've got to come with something that the Board 4 of Governors would agree, that you would agree 5 would be right.</p> <p>6 Now, is it going to be easy to market?</p> <p>7 Not as easy as the deal we've got today, you 8 know. Today, Prepaid's a very good deal. And 9 it would be not as good a deal in the future, 10 so we may not sell as much. But it's still -- 11 we would still be in a position to offer 12 families an opportunity to save payments over a 13 period of time. They'd get the tax-free 14 interest income off of it. So it's a benefit 15 and it's a good program for the State.</p> <p>16 REPRESENTATIVE PROCTOR: Thank you. I 17 appreciate your coming.</p> <p>18 REPRESENTATIVE MEALOR: We have the 19 legislative aides here from both Representative 20 Dean and Senator Oelrich. And one of the 21 things that struck me -- and, by the way, I 22 think the options that you're recommending 23 would probably be very palatable to the bill 24 sponsors.</p> <p>25 The other thing that just struck me,</p>
<p style="text-align: center;">Page 59</p> <p>1 vest to worry about us and to set your policy. 2 Let the tail wag the dog. Don't do that. 3 University of Florida has got a little 4 different deal, you know. Theirs is higher. 5 22 percent is the incoming group. But when you 6 pare it down, it's more like 29, 30 percent, is 7 the cost. But, goodness, I mean, I'm a 8 businessman. I'll take 70 cents on the dollar 9 rather than zero. Let's move forward. Let's 10 get it done.</p> <p>11 REPRESENTATIVE PROCTOR: Mr. Chairman?</p> <p>12 REPRESENTATIVE MEALOR: Certainly.</p> <p>13 REPRESENTATIVE PROCTOR: Thank you. I 14 think that's a very helpful suggestion. I 15 appreciate it very much.</p> <p>16 That also then would allow universities to 17 establish their tuition rates based on the 18 uniqueness of their missions rather than 19 having -- insisting upon a flat rate, and that 20 wouldn't complicate what you're suggesting. We 21 just accept those policies for what they're 22 worth at any given time and the universities 23 have to agree with that, and then we'd see what 24 we do with future sales. Is that --</p> <p>25 MR. HOEPNER: Right. Existing contracts,</p>	<p style="text-align: center;">Page 61</p> <p>1 though, is that in my neighborhood, it's not 2 uncommon, particularly several weeks ago, to 3 see the cars souped up with students saying, 4 "Gator Bound," "Nole Now," and those kind of 5 things. So I think those acceptance letters 6 have gone out. And, frankly, it might be 7 something that we want to consider when the 8 bill goes into effect, which would help what 9 you're talking about but also then when we 10 might want to actually allow this to go into 11 effect in terms of an academic year.</p> <p>12 Further questions for our presenter?</p> <p>13 Representative Thompson, you're recognized.</p> <p>14 REPRESENTATIVE THOMPSON: Thank you, 15 Mr. Chair, and thank you for your presentation.</p> <p>16 You indicated that you'd like to include 17 the enhancement fee in future Prepaid programs. 18 And since we're anticipating that there will be 19 only one institution that will qualify for the 20 enhancement fee, does that translate into 21 asking a person who purchases the plan to 22 choose the University of Florida? Let's say 23 that I purchase one for my two-year-old 24 granddaughter. She's at two years old now. Am 25 I saying that 16 years from now, I want her to</p>

<p style="text-align: right;">Page 62</p> <p>1 go to the University of Florida? I'm therefore 2 willing to pay the enhancement fee. And then 3 what happens if she's not accepted to the 4 University of Florida?</p> <p>5 MR. HOEPNER: Representative, I hope that 6 your two-year-old, if you have a two-year-old, 7 in fact, is eligible to go to the University of 8 Florida, and that's a problem. But I think 9 that the way it would probably work out is 10 this: It would not be part of the Prepaid 11 tuition program, but it would be a separate -- 12 a separate contract. It would be an academic 13 enhancement fee contract. You would buy it and 14 you would use it if your child went. If your 15 child did not go, you would either use it as an 16 enhancement to another fee or another -- it 17 would be currency, if you will, at the 18 university, whichever university they went.</p> <p>19 Finally, if they didn't go, it would be as 20 it is today. We would refund the money that 21 you paid in, okay? That's the deal today. If 22 you buy a contract, your child doesn't go, we 23 give you your money back.</p> <p>24 REPRESENTATIVE THOMPSON: Thank you. 25 REPRESENTATIVE MEALOR: And I think,</p>	<p style="text-align: right;">Page 64</p> <p>1 delimited to one institution and that there be 2 grandfathering provisions to time certain and 3 to those kinds of issues.</p> <p>4 With that said, though, let me go ahead 5 and I'll go ahead and I'll recognize 6 Mr. Matthew Tuckman. He's the director of 7 legislative affairs for the FSU student body.</p> <p>8 Mr. Tuckman, you're recognized, sir.</p> <p>9 MR. TUCKMAN: Mr. Chairman, I'd like to 10 take this opportunity to thank you again for 11 allowing me to speak for a second time. As you 12 just said, I'll try to make it as brief as 13 possible. I know lunch is coming up and I 14 understand those concerns.</p> <p>15 In relation to an academic enhancement 16 fee, first of all, I'd like to say that being 17 outright and completely opposed bears certain 18 unwarranted manner. The pragmatic approach 19 would show you that colleges need more money, 20 and they need more money to fund important 21 things like teacher-student ratios. And I, as 22 a student -- currently I'm a senior -- want to 23 see those ratios moved into a direction that 24 would be more advantageous for the state 25 university system, for the University of</p>
<p style="text-align: right;">Page 63</p> <p>1 Mr. Hoepner, certainly at this time -- I can't 2 speak for the committee, but I can speak for 3 myself. I have absolutely no need to start to 4 go into your actuarial reserves. And I do know 5 that we have Mr. Harlow here. And thank you 6 for being with us from Atlanta, but that is not 7 of interest to me right now. And I talked with 8 the bill sponsor and I don't think it's his 9 interest at this point in time.</p> <p>10 Are there further questions for your 11 presenter?</p> <p>12 Sir, thank you very much for the 13 presentation and also the information. I think 14 that some information was submitted earlier on, 15 but if we could get additional information 16 based on your presentation, it would be helpful 17 to staff as we work with our representative.</p> <p>18 Members, we have some time remaining, and 19 I know several of you do have previous 20 engagements, so let me go ahead -- I'd like to 21 go ahead and hear from the public that has 22 requested to speak related to this issue. And 23 one of the things that I want to keep in mind 24 right now is that I think it's the intent of 25 both the House and Senate sponsors that this be</p>	<p style="text-align: right;">Page 65</p> <p>1 Florida, for Florida State. I think that 2 that -- I bear the same impetus to improve upon 3 education, as the chairwoman of Board of 4 Governors expressed earlier. I think that that 5 is the best direction that a government can 6 invest its money for its people.</p> <p>7 However, when you look into the crux of 8 the issue with this fee, one will realize the 9 nature of a fee. A fee is for transportation. 10 A fee is for health. A fee is for athletics. 11 At Florida State University, fees for health go 12 to Thagard, the student health center. Fees 13 for transportation go to building new parking 14 garages to make sure that the campus is not 15 congested with cars. Fees for athletics go to 16 the Leach student athletic center. But a fee 17 for academic enhancement, to me, sounds like 18 tuition and not a fee. If the state 19 legislature, the power-holding body which 20 governs the state university system, in the 21 sense of fees, wants to raise tuition, then it 22 should do so in that respect and, to a certain 23 extent, perhaps to reflect inflation. But, 24 however, to create a fee to put a Band-Aid on 25 an issue perhaps wouldn't completely solve</p>

<p style="text-align: center;">Page 66</p> <p>1 things.</p> <p>2 Also, I echo the sentiments of Mr. Tate</p> <p>3 and his colleague with regard to Prepaid. I</p> <p>4 also have Prepaid and would agree that this</p> <p>5 does, to a certain extent, break the promise</p> <p>6 that's made to people who buy Prepaid.</p> <p>7 Also, I've heard from the president of</p> <p>8 University of Florida today that the Pappas</p> <p>9 report cited that it would be appropriate to</p> <p>10 raise moneys contributed to this matter. I</p> <p>11 would also like to bring up that the Pappas</p> <p>12 report also cited that needs-based aid needs to</p> <p>13 be improved. And I would argue that, to a</p> <p>14 certain extent, greatly so. And to say that</p> <p>15 people receiving needs-based aid would be</p> <p>16 exempt from this fee may be not sufficient to</p> <p>17 provide for people who can't afford for</p> <p>18 \$1,000-a-year increase in tuition. So I please</p> <p>19 urge you to take into concern those priorities.</p> <p>20 Once again, more money for education is</p> <p>21 always a fantastic investment. And at the</p> <p>22 state of things right now, you know, I'm sure</p> <p>23 people are looking at this and saying, any way</p> <p>24 we can get it. But, however, I don't think</p> <p>25 that this is the right measure to get that</p>	<p style="text-align: center;">Page 68</p> <p>1 education that we would like to have. Yet it</p> <p>2 is a great education. We're grateful for the</p> <p>3 education that we have and we're grateful for</p> <p>4 the opportunities that the State of Florida has</p> <p>5 provided for us, but we see something more that</p> <p>6 we could have and we see a better education</p> <p>7 that could be provided for our students. Our</p> <p>8 students want that education.</p> <p>9 We, as student government, as one of the</p> <p>10 initiatives that I started last fall, before</p> <p>11 this was even a discussion and before President</p> <p>12 Machen presented it to our students, as he</p> <p>13 stated that he did, we sent out a survey to our</p> <p>14 entire student body. And we had 7,787</p> <p>15 responses to this survey. And we asked our</p> <p>16 students what they would like to see at our</p> <p>17 university. We asked them that if there were</p> <p>18 increases in tuition and fees, what would they</p> <p>19 like to see that money spent on? And the top</p> <p>20 two responses, far and away, were increased</p> <p>21 faculty members for smaller class sizes and</p> <p>22 more academic advisors.</p> <p>23 And beyond that, we asked them what amount</p> <p>24 of money they would be willing to pay</p> <p>25 themselves out of pocket each year for these</p>
<p style="text-align: center;">Page 67</p> <p>1 money, and I would encourage you to take that</p> <p>2 into consideration. Thank you.</p> <p>3 REPRESENTATIVE MEALOR: Thank you very</p> <p>4 much.</p> <p>5 At this time, I'd like to recognize</p> <p>6 Mr. John Boyles. He is the student body</p> <p>7 president at the University of Florida.</p> <p>8 Mr. Boyles? Good morning. Welcome and</p> <p>9 you're recognized.</p> <p>10 MR. BOYLES: Thank you, Mr. Chairman,</p> <p>11 honored representatives.</p> <p>12 With all due respect to the previous</p> <p>13 speaker, I'd like to take some time to tell all</p> <p>14 of you about what's going on at the University</p> <p>15 of Florida campus. We -- as our president of</p> <p>16 our university stated previously, we have</p> <p>17 decided as a student body to support this</p> <p>18 initiative by your university. The reason that</p> <p>19 we have decided to do that is because we have a</p> <p>20 need for our education for our students. The</p> <p>21 initiative would be to hire faculty members and</p> <p>22 to hire academic advisors. And some of the</p> <p>23 numbers were presented earlier, so I will not</p> <p>24 repeat them. But from our student experience,</p> <p>25 the quality of our education is not the type of</p>	<p style="text-align: center;">Page 69</p> <p>1 types of benefits. And over -- around</p> <p>2 60 percent of our students said that they would</p> <p>3 be willing to pay \$500 a year out of pocket.</p> <p>4 And there were other responses that were to the</p> <p>5 tune of \$1,000 a year, \$1,500 a year, and</p> <p>6 \$2,000 a year in that survey. Our students are</p> <p>7 willing to pay for this because they see what</p> <p>8 they could get from it. They see what the</p> <p>9 benefit would be, and they're excited about</p> <p>10 that.</p> <p>11 Our president, when he decided to push</p> <p>12 forward for this initiative, had an open forum</p> <p>13 with our entire student body that he invited</p> <p>14 everybody to come to. And this was before the</p> <p>15 proposal even went to the Board of Governors.</p> <p>16 It was before -- it was the first public</p> <p>17 announcement of this proposal, and he chose to</p> <p>18 do it with our student body. And I think it is</p> <p>19 because of that reason and his willingness to</p> <p>20 work with us that the students have shown such</p> <p>21 strong support.</p> <p>22 We had a large group of students that</p> <p>23 attended that meeting that asked many of the</p> <p>24 same questions that have been asked this</p> <p>25 morning. Questions were asked about financial</p>

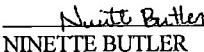
<p style="text-align: center;">Page 70</p> <p>1 aid and students who are in need and how they 2 would be able to afford this program. And 3 questions were asked about student involvement 4 and student perspective in the implementation 5 of where this money would be spent, where these 6 faculty members would be hired, where the 7 academic advisors would be going. And the 8 responses that were given and the discussions 9 that happened after that gave rise to our 10 support and to the concerns that we've 11 addressed with our university and with the 12 Board of Governors with our Board of Trustees. 13 And they've all assured us that financial need 14 and financial accessibility for our university 15 and our students will be taken care of and that 16 our students will be brought to the table as a 17 party that will have a voice in the 18 implementation and have definite influence in 19 the implementation of this program.</p> <p>20 And those were the two things that we 21 asked the university for. We said, we 22 appreciate what you're doing. We see the 23 benefit and we want that benefit. These are 24 the things that we would like. And they have 25 worked together with us and assured us that we</p>	<p style="text-align: center;">Page 72</p> <p>1 years ago. And what I went through, I was a 2 political science major, and the classes are 3 fairly large in that major, upwards of 50 4 students in a class. And since I have a major, 5 along with many other majors, we want to have 6 those small classes. You want to have that 7 interaction with the other students, with the 8 faculty. And it's difficult when you feel 9 you're one in a herd. So we feel this program 10 is a way to fix that problem, to decrease these 11 class sizes that we feel is necessary for a 12 world-class education, a world-class education 13 we feel we deserve when we decide to go to the 14 University of Florida.</p> <p>15 I'm very much in support of this program 16 even though I personally won't see the 17 benefits. I know those students that are going 18 behind me and hopefully even my children who I 19 hope to be Gators one day, will see the 20 benefits of this program. And this is the 21 first step in one of many steps we need to 22 take.</p> <p>23 Thank you very much.</p> <p>24 REPRESENTATIVE MEALOR: Thank you for your 25 testimony.</p>
<p style="text-align: center;">Page 71</p> <p>1 will have that kind of a relationship. And it 2 is for that reason that we, as students, ask 3 you to support this initiative and to support 4 this measure.</p> <p>5 And I can answer any questions if there 6 are any, Mr. Chairman.</p> <p>7 REPRESENTATIVE MEALOR: Well, thank you 8 very much for your presentation. I think what 9 we'll do is go ahead and hear from others 10 simply for the sake of time. Thank you very 11 much.</p> <p>12 At this time, Mr. Arturo Armand. 13 Mr. Armand is a student body vice president at 14 the University of Florida.</p> <p>15 Good morning.</p> <p>16 MR. ARMAND: Good morning, Mr. Chairman. 17 My name is Arturo Armand. I do currently serve 18 as a student body vice president.</p> <p>19 Actually, I have a little bit of a 20 different experience. I'm currently a law 21 student at the University of Florida. This fee 22 will not affect graduate or law students. But 23 like my other law students or graduates of 24 University of Florida, I did attend undergrad 25 at the University of Florida as recently as two</p>	<p style="text-align: center;">Page 73</p> <p>1 Mr. Jason Lutin? Good morning. Welcome. 2 MR. LUTIN: Thank you very much for having 3 me here today, and I'll be real brief in my 4 comments. I'm just going to tell – not go 5 into facts or anything like that.</p> <p>6 I'm a student, undergraduate student, at 7 the University of Florida and I'm getting ready 8 to graduate too from the university in a few 9 weeks. I just found out today I got into law 10 school today too.</p> <p>11 REPRESENTATIVE MEALOR: Congratulations. 12 MR. LUTIN: But I had the – when I got to 13 the University of Florida, you know, large 14 classes, TAs. You know, we're talking 3,000 15 students in a class, and it was overwhelming. 16 A lot of my friends, unfortunately, didn't – 17 most of my friends didn't make it but some of 18 them haven't made it through the university 19 system because one of the reasons is being so 20 large. And one of the problems we run into is 21 advising. Throughout my tenure at the 22 University of Florida, I've had, you know, 23 problems getting advisors. We'd make 24 appointments weeks and weeks and weeks before 25 to get in to see an advisor for ten minutes to</p>

<p style="text-align: center;">Page 74</p> <p>1 find out what am I going to do for the rest of 2 my life? What major should I be in? I don't 3 know what I'm doing here. I'm very confused. 4 Someone help me. It's very, very hard to do.</p> <p>5 I'm fortunate enough to have met a couple 6 of professors who were able to help me. And 7 the University of Florida is very, very good, 8 but it could be great. It could be so great. 9 And I wouldn't take back my experiences for 10 anything. But today – as I sit here today, I 11 had class yesterday in a 4,000-level class, 12 criminology major, which is in the last class 13 which is research, methods, statistics in 14 criminology, the hardest class in criminology. 15 You're supposed to take it at the end. And I'm 16 being taught by a teacher's assistant, someone 17 who's a year older than I am. And I talked to 18 the department. They said, you know, we don't 19 have the funds. We don't have the finances. 20 We cannot hire another professor for this 21 class. That's it.</p> <p>22 We have professors teaching in classes 23 they're not even supposed to be teaching. 24 That's it. No, we're sorry, Jason.</p> <p>25 And I'm also getting ready to graduate</p>	<p style="text-align: center;">Page 76</p> <p>1 to present. You had different meetings, but 2 you stayed with this.</p> <p>3 I don't think there's a more important 4 public policy discussion related to higher 5 education in the state of Florida than the one 6 we're having right now. I think that the 7 speakers are to be commended for a bold and 8 innovative idea. It is one that we know, when 9 you simply look at the ratings of those states 10 that have attempted to do this, we will never 11 see the California system replicated again. 12 The University of Texas system with two 13 flagships tried to look at their emerging 14 metropolitan research institution such as UT 15 Dallas, in trying to create in that state what 16 we're doing with this bill, you realize what a 17 daunting task that it is. This is not going to 18 happen overnight. It's going to require us to 19 do different things, not to do things 20 differently. This is one step.</p> <p>21 I, first of all, want to thank you for 22 your indulgence. I want to thank you for your 23 input to the committee prior to today's 24 meeting. I know that Mr. Hoepner and your team 25 has provided language, will continue to provide</p>
<p style="text-align: center;">Page 75</p> <p>1 from the college of liberal arts and sciences 2 which is, by far, the largest college in the 3 university. And for the graduating class, for 4 the graduation class, there's one advisor. For 5 every one of us, there's one person. That's 6 it. There's a line out her door. And I feel 7 awful for the woman. We have, you know, to 8 bother her all the time trying to figure out, 9 what am I going to do? How do I graduate? How 10 do I do this? And it's just her. That's it. 11 We have nothing else as students, just that one 12 person.</p> <p>13 So my experiences have been great, but 14 they could be so much better for students 15 coming into the University of Florida next year 16 and years to come, and I hope that it is 17 better, and I hope that the academic 18 enhancement program will make it so much better 19 for them as a student. I think it will.</p> <p>20 Thank you very much.</p> <p>21 REPRESENTATIVE MEALOR: Thank you very 22 much for being here today.</p> <p>23 Members, let's go ahead, then, and bring 24 it back to the committee. First of all, I want 25 to thank you. I know a number of you had bills</p>	<p style="text-align: center;">Page 77</p> <p>1 additional language. I know that University of 2 Florida has provided language, and we've had 3 time to meet with the representatives of the 4 Board of Governors.</p> <p>5 Members, it is my intent -- the speakers 6 allowed us. We will meet next week. Not every 7 committee will meet. We will meet. We will 8 hear Representative Dean. It is our intent, it 9 is our hope, that Representative Dean will 10 introduce a strike-all that may be acceptable 11 to this committee. It is my understanding 12 that, if so, then the Senate will take up that 13 to bill and we will work very closely with 14 them. We will also hear a number of other 15 member bills all related to the area of 16 postsecondary education. Some have 17 implications related to our innovative ideas, 18 so we will need your input.</p> <p>19 Again, for those that took time to give us 20 input, regardless of your position, thank you 21 very, very much. This is such an important 22 issue that I thought all needed to be heard.</p> <p>23 And I would like to recommend 24 Representative Thompson move we authorize staff 25 to make technical correction, as necessary, to</p>

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1 the bills we heard today.
2 Is there any further business?
3 Representative Nehr, I want to thank you for
4 being willing to take on Innovative Idea 15 as
5 a member of this committee and work with us.
6 Is there further business come before the
7 committee?
8 If not, then Representative Nehr moves
9 rise without objection. Show it done.
10 (32007-D2, 2 Audio Track)
11 UNIDENTIFIED SPEAKER: This is the
12 Committee on Economic Development, meeting,
13 Tuesday, March 20th, 2007, from 5:00 a.m. to
14 6:00 p.m. in Reed Hall. Today we'll be hearing
15 House Bill 1543, 1243 and 1487.
16 (End of transcription.)
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1 CERTIFICATE
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4 I, NINETTE BUTLER, Registered Professional
5 Reporter, certify that I was authorized to and
6 did stenographically report the foregoing
7 proceedings and that the transcript is a true
8 and complete record of what could be heard from
9 the digital file that was supplied to me.
10
11 Dated this 25th day of April, 2017.
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21 (Pages 78 to 79)